



Department of Justice

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THURSDAY, JANUARY 12, 1995
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JUSTICE DEPARTMENT SETTLES CASE AGAINST EL PASO NATURAL GAS CO.

WASHINGTON, D.C. -- El Paso Natural Gas Company, which operates the largest gas pipeline system in the San Juan Basin of New Mexico and Colorado, agreed today to settle an antitrust case that will prevent it from requiring gas well owners to purchase metering equipment along with natural gas gathering services from El Paso. The settlement could lower the cost of natural gas production saving millions of dollars.

In a complaint filed today in U.S. District Court in Washington, the Department of Justice's Antitrust Division alleged that El Paso required owners of gas wells that have little economic choice but to use El Paso's natural gas gathering system also to purchase El Paso's meter installation. At the same time, a proposed consent decree was filed, that if approved by the court, would settle the suit.

Meter installation consists of the services necessary to connect a well to El Paso's gathering system, including the construction and installation of metering equipment and the line used to connect the well to the gathering system.

The complaint also alleges that the effect of the illegal arrangement has been to raise prices for meter installation and, in many instances, to slow the pace at which the installation is completed. According to the Department, competition could save well owners thousands of dollars on each installation and weeks of time in bringing their natural gas to market.

Under the proposed settlement, gas producers in the San Juan Basin will now be free to choose their own contractor to construct the well connection rather than pay El Paso for the service. The settlement also assures that El Paso will not impose standards that give it an advantage over others who could provide well connection services to well owners.

Assistant Attorney General Anne K. Bingaman in charge of the Antitrust Division, said, "Keeping down the costs of basic energy sources, such as natural gas, is crucial to the health of our nation's economy. This settlement will inject competition, and could lower the cost of natural gas production in the San Juan Basin by millions of dollars over its term.

"Changes in regulation of energy industries have created new opportunities for competition to lower prices and improve service for consumers. We will not allow these benefits to be jeopardized by anticompetitive conduct."

The San Juan Basin of New Mexico and Colorado are one of the nation's major natural gas production areas.

To become effective, today's settlement must be approved by the court following the expiration of a 60-day comment period as required by the Antitrust Procedures and Penalties Act. The proposed consent decree, along with the Department's competitive impact statement, will be published in the Federal Register and any person may submit written comments concerning the proposed decree to Roger Fones, Chief, Transportation, Energy and Agriculture Section, Antitrust Division, U.S. Department of Justice, 555 4th Street, N.W., 9th Floor, Washington, D.C. 20001.

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